

Message Text

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51

ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 EB-07 AID-05 TRSE-00 CIAE-00

INR-07 NSAE-00 RSC-01 XMB-04 /035 W

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R 211215Z NOV 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 8904

UNCLAS BUENOS AIRES 8523

FOR COMMERCE

E.O.11652: N/A

TAGS: TVIO, AR

SUBJECT: EARLY WARNING: HEAVY EARTH MOVING EQUIPMENT

REF: BA-8409

1. GOA HAS APPLIED FOR LOAN FROM INTER-AMERICAN DEVELOPMENT BANK (DB) WHICH WOULD INCLUDE U\$S 6 MILLION TO FINANCE IMPORTED EQUIPMENT, PRIMARILY HEAVY DUTY STEEL TRACKED EARTH MOVING EQUIPMENT (CATERPILLAR MODELS D-5 TO D-8 TRACTORS OR EQUIVALENT) FOR LAND CLEARING OPERATIONS. BANCO DE LA NACION ARGENTINA (BNA) WOULD ACT AS LOCAL LENDING AGENT, WITH ACTUAL PURCHASES TO BE MADE BY LOCAL PRODUCERS OR PRODUCER COOPERATIVES.

2. THESE PURCHASES EFFECTIVELY LIMITED TO US SUPPLIERS, SINCE US ONLY MEMBER OF IDB PRODUCING THIS TYPE OF EQUIPMENT. HOWEVER, IF FOR SOME REASON PURCHASES NOT COMPLETED WITHIN DISBURSEMENT PERIOD OF LOAN, THAT PORTION EARMARKED FOR IMPORTED EQUIPMENT COULD BE REDUCED OR CANCELLED. THIS OCCURRED WITH PREVIOUS LOAN OF THIS TYPE TO ARGENTINA IN 1969 WHEN U\$S 4 MILLION PORTION FOR SIMILAR EQUIPMENT CANCELLED DUE TO EXCHANGE RISK PROBLEM. BNA OFFICIALS BELIEVE EXCHANGE RISK PROBLEM NOW SOLVED, BUT THEY CONCERNED THAT IN CASE OF NEW LOAN, LONG DELIVERY TIMES CURRENTLY QUOTED BY LOCAL DEALERS FOR HEAVY TRACTORS WOULD DISCOURAGE PRODUCERS FROM IMPORTING EQUIPMENT AND/OR RESULT IN ATTEMPTS TO SUBSTITUTE LOCALLY PRODUCED BUT LESS EFFICIENT

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EQUIPMENT IN SOME OPERATIONS.

3. EMBASSY WOULD APPRECIATE CURRENT ESTIMATE OF LIKELY
DELIVERY PERIODS FOR ORFERS PLACED OVER NEXT SIX MONTHS FOR
EQUIPMENT DESCRIBED ABOVE AND ANY SUGGESTIONS WE COULD PASS
ON TO BNA OFFICIALS ON HOW THEY COULD FACILITATE ORDERS IF
AND WHEN LOAN APPROVED.
MONTLLOR

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Message Attributes

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